

FORM MO-1041 FIDUCIARY INCOME TAX RETURN

INSTRUCTIONS

These instructions are for guidance only and do not state the complete law.

WHO MUST FILE FORM MO-1041

A Form MO-1041 must be filed by the following:

1. Every resident estate or trust that is required to file a Federal Form 1041.
2. Every nonresident estate that has gross income of \$600 or more from sources within Missouri.
3. Every nonresident trust that has any taxable income from sources within Missouri or gross income of \$600 or more from sources within Missouri.

Definition of Resident Estate or Trust

Section 143.331, RSMo, defines a Resident Estate or Trust as: 1) The estate of a decedent who at his or her death was domiciled in this state; or 2) A trust that was created by a will of a decedent who at his or her death was domiciled in this state, **and** has at least one income beneficiary who, on the last day of the taxable year, was a resident of this state; or 3) A trust that was created by, or consisting of property of, a person domiciled in this state on the date the trust or portion of the trust became irrevocable, **and** has at least one income beneficiary who, on the last day of the taxable year, was a resident of this state.

Missouri tax applies only if at least one income beneficiary is a Missouri resident at the end of the taxable year. However, a nonresident trust may still be required to file a Form MO-1041, Missouri Fiduciary Income Tax Return. Refer to "Who Must File Form MO-1041" for requirements to file.

WHEN AND WHERE TO FILE

Form MO-1041, Fiduciary Income Tax Return, should be completed after the federal fiduciary return is completed, and is due no later than the 15th day of the fourth month following the close of the taxable year. For fiduciaries operating on a calendar year basis, the fiduciary return is due on or before April 15. When the due date falls on a Saturday, Sunday, or legal holiday, the return and payment will be considered timely if filed on the next business day. Please mail the return to: **Missouri Department of Revenue, P.O. Box 3815, Jefferson City, MO 65105-3815.**

ROUNDING ON MISSOURI RETURNS

You must round all cents to the nearest whole dollar on your return. For cents .01 through .49, round down to the nearest whole dollar amount (round \$32.49 down to \$32.00) on the return. For cents .50 through .99, round up to the next whole dollar amount (round \$32.50 up to \$33.00) on the return. For your convenience, the zeros have already been placed in the cent columns on the returns.

ESTIMATED TAX PAYMENTS

The state of Missouri currently does not require the payment of estimated tax by an estate or trust.

REPORT OF CHANGES IN FEDERAL TAXABLE INCOME

If the taxpayer's federal taxable income for any taxable year is changed, the taxpayer must report the change to Missouri by filing an amended Missouri income tax return within 90 days

after the final determination of such change. Any taxpayer filing an amended federal fiduciary income tax return must file an amended Form MO-1041, Fiduciary Income Tax Return, within 90 days of the federal change.

EXTENSION OF TIME TO FILE OR PAY

If a taxpayer has been granted an extension of time to file his/her federal fiduciary income tax return, the time for filing his/her Missouri fiduciary income tax return is automatically extended for the same period of time. A copy of the federal extension must be attached to the Form MO-1041 when filed.

If a taxpayer has been granted an extension of time to pay his/her federal fiduciary income tax, the time for paying his/her Missouri fiduciary income tax is automatically extended for the same period of time. A copy of the federal extension must be attached to the Form MO-1041 when filed.

An extension of time to file does not extend the time to pay.

The taxpayer must pay the amount properly estimated as his/her tax for the taxable year on or before the original due date. This amount must be submitted with a Form MO-60, Application for Extension of Time to File.

If a taxpayer files a Form MO-60, a copy of the federal extension should be attached. A copy of the extension must be attached to the Form MO-1041 when filed.

FEDERAL DEDUCTION LIMIT

The federal income tax deduction is limited to \$5,000. If the total federal income tax (Form MO-1041, Line 4 or Form MO-NRF, Part 6, Line 3) is less than \$5,000, enter the amount on the federal tax line (Form MO-1041, Line 5 or Form MO-NRF, Part 6, Line 4). If the total federal tax exceeds \$5,000, enter \$5,000 on Form MO-1041, Line 5 or Form MO-NRF, Part 6, Line 4.

CAPITAL GAIN EXCLUSION ON SALE OF LOW INCOME HOUSING

If during 2001 you sold a federally subsidized (HUD) low income housing project to a nonprofit or governmental organization, and at least 40 percent of the units are occupied by persons or families having incomes of 60 percent or less of the median income, you may exclude from Missouri tax 25 percent of the capital gain that is taxable at the fiduciary level. However, the buyer of the property must agree to preserve or increase the low income occupancy of the project. To use this exclusion, enter on Form MO-1041, Page 1, Line 6 for residents or on Form MO-NRF, Page 1, Part 1, Line 4 for nonresidents, 25 percent of the capital gain reported on your Federal Form 1041. Attach a copy of your Federal Form 1041, Federal Form 4797 and an explanation.

INTEREST ON EXEMPT FEDERAL OBLIGATIONS

Interest from direct obligations of the U.S. government, such as U.S. savings bonds, U.S. treasury bills, bonds, and notes, is exempt from state taxation under the laws of the United States.

Attach a detailed list of or all Federal Form 1099(s).

Fiduciaries who claim an exclusion for interest from U.S. obligations **must** identify the specific securities owned, (e.g., U.S. savings bond.) A general description such as "interest on U.S. obligation" or "U.S. government securities" is not acceptable. (See 12 CSR 10-2.150 for the taxability of various U.S. government-related obligations.) A list of exempt (direct) U.S. obligations must be provided to each beneficiary by the fiduciary. This list will allow the beneficiary to report the modification on his/her Form MO-1040, Individual Income Tax Return.

A federally taxed distribution received from a mutual fund investing exclusively in **direct** U.S. government obligations is exempt. If the mutual fund invests in both exempt (direct) and nonexempt (indirect) federal obligations, the deduction allowed

is the distribution received from the mutual fund attributable to the direct U.S. government obligations, as determined by the mutual fund. A copy of the year-end statement received from the mutual fund showing the amount of monies received or the percentage of funds received from direct U.S. government obligations or a summary statement received from the mutual fund which clearly identifies the exempt and nonexempt portions of the U.S. government obligation interest, must be provided to each beneficiary by the fiduciary.

Note: Failure to attach a copy of the notification furnished to you by the mutual fund that specifically details the amount of the subtraction being claimed as your distributive share will result in the disallowance of the deduction.

In arriving at the amount of related expenses, the taxpayer may use actual expenses or a reasonable estimate. In general, the taxpayer should use the same or similar method used to compute related expenses for federal income tax purposes, provided that the method reasonably reflects related expenses for Missouri exempt income.

If a taxpayer fails to compute reasonable related expenses, the Director of Revenue will make an adjustment based on the best information made available. If sufficient information is not made available or if the taxpayer's records do not provide sufficient information, the Director of Revenue will use the following formula to compute related expenses:

$$\frac{\text{Exempt income}}{\text{Total income}} \times \text{Expense items} = \text{Reduction to exempt income}$$

The principal expense item in this formula is interest expense; however, the Director of Revenue may include other expense items because of the item's direct relationship to the production of exempt income. The taxpayer may propose an alternative method provided that it properly reflects the amount of related expenses.

TAX ON LUMP SUM DISTRIBUTIONS

If during 2001 you received a portion of any lump sum distribution from an annuity or retirement, not otherwise included in federal taxable income, this distribution may be subject to Missouri tax. The amount of the tax is equal to 10 percent of your federal tax liability on the distribution for the same year.

To calculate your Missouri tax on a lump sum distribution, multiply that portion of Federal Form 1041, Schedule G, Line 1B that is attributable to a lump sum distribution by 10 percent (.10) and enter the result on Form MO-1041, Line 16. You must attach a copy of Federal Form 1041 and Federal Form 4972 to your Missouri return.

RECAPTURE TAX

If you are required to recapture a portion of any federal low income housing credits taken on a low income project, you are also required to recapture a portion of any state credits taken. The state recapture amount is equal to the proportion of the state credit that equals the proportion the federal recapture amount bears to the original federal low income housing credit amount. Enter the recapture tax on Form MO-1041, Line 17. Attach a copy of Federal Form 8611 to your Missouri return.

MISSOURI TAX TREATMENT OF QUALIFIED FUNERAL TRUSTS

The calculation of the Missouri tax liability for a qualified funeral trust is the same as the federal computation. The tax of each qualified funeral trust is determined on a separate basis disclosed on an attached schedule and then combined resulting in a composite filing.

CREDIT INFORMATION

Fiduciaries and beneficiaries may be entitled to any of the following credits: New or Expanded Business Facility Credit, Development Reserve Credit, Infrastructure Development Credit,

Export Finance Credit, Missouri Low Income Housing Credit, Missouri Business Modernization and Technology (Seed Capital) Credit, Neighborhood Assistance Credit (Including Homeless Assistance Credit), Affordable Housing Assistance Credit, Special Needs Adoption Credit, Enterprise Zone Credit, Small Business Incubator Credit, Small Business Investment (Capital) Credit, Community Bank Investment Credit, Qualified Research Expense Credit, Higher Education Scholarship Fund Credit, Brownfield "Jobs and Investment" Credit, Demolition Credit, Youth Opportunities Credit, Processed Wood Energy Credit, Missouri Business Use Incentives for Large-Scale Development (BUILD) Credit, Maternity Home Credit, Shelter for Victims of Domestic Violence Credit, Historic Preservation Credit, Sponsorship and Mentoring Program Credit, Charcoal Producers Credit, Film Production Credit, Wine and Grape Production Credit, Rebuilding Communities Credit, Skills Development Credit, Transportation Development Credit, Advantage Missouri Credit, Dry Fire Hydrant Credit, Agricultural Product Utilization Contributor Credit, New Generation Cooperative Incentive Credit, Bank Tax Credit for S Corporation Shareholders, Family Development Account Credit, New Enterprise Creation Credit, Remediation Credit, Rebuilding Communities and Neighborhood Preservation Act Credit, Disabled Access Credit, and Mature Worker Childcare Program Credit. These credits must be allocated to the beneficiaries based on their percent of ownership and reported on the Form MO-1040, Individual Income Tax Return. See Form MO-1040 and Form MO-TC instructions for more information.

INTEREST ON DELINQUENT TAXES

Effective January 1, 2002, simple interest will be charged on all delinquent taxes at the rate of 6 percent per annum.

ADDITIONS TO TAX FOR FAILURE TO FILE

A taxpayer who fails to file a return by the due date, including extension of time to file, will be charged additions to tax of 5 percent per month (not to exceed 25 percent in the aggregate) during the period of such failure.

ADDITIONS TO TAX FOR FAILURE TO PAY

A taxpayer who files a timely tax return but fails to pay the tax by the original due date will be charged additions to tax of 5 percent on the total tax that is not paid for the taxable year. The additions to tax will be waived if: a) the amount of tax paid on or before the original due date of the return is at least 90 percent of the amount of tax due on Form MO-1041; and b) the balance of the tax due on Form MO-1041 is paid on or before the due date of the return, including extensions of time.

WHERE TO FILE

Mail the return to: **Missouri Department of Revenue, P.O. Box 3815, Jefferson City, MO 65105-3815.**

AUTHORIZATION

If you authorize the Director of Revenue or delegate to release information pertaining to your account to your preparer or to any member of his/her firm, indicate by checking the appropriate box on the bottom of the form.

SIGN THE RETURN

Form MO-1041, Fiduciary Income Tax Return, is not considered valid unless signed. Attach all required information, and a check or money order for the full amount when a tax is due (U.S. funds only). Make check payable to the Director of Revenue.

INTERNET

To obtain informational materials and Missouri tax forms, access the Department of Revenue's web site at: **www.dor.state.mo.us/tax**

TAX FORMS AVAILABLE BY FAX

Blank Missouri tax forms are available by fax. To access the Forms-by-Fax system, call (573) 751-4800 from your **fax machine handset**. The Forms-by-Fax system will take you through the steps required to receive a fax copy of the forms you need. If you are speech or hearing impaired, please call TDD (800) 735-2966 or fax (573) 526-1881.

AMERICANS WITH DISABILITIES ACT (ADA)

The state of Missouri offers a Dual Party Relay Service (DPRS) for speech/hearing impaired individuals. This service was implemented in accordance with the Americans with Disabilities Act (ADA). An individual with speech/hearing impairments may call a voice user at (800) 735-2966 or fax (573) 526-1881.

2001 TAX TABLE

If Line 12 is			If Line 12 is			If Line 12 is			If Line 12 is			If Line 12 is			If Line 12 is		
At least	But less than	Your tax is	At least	But less than	Your tax is	At least	But less than	Your tax is	At least	But less than	Your tax is	At least	But less than	Your tax is	At least	But less than	Your tax is
0	100	\$ 0	1,500	1,600	\$26	3,000	3,100	62	4,500	4,600	\$109	6,000	6,100	\$167	7,500	7,600	\$238
100	200	2	1,600	1,700	28	3,100	3,200	65	4,600	4,700	113	6,100	6,200	172	7,600	7,700	243
200	300	4	1,700	1,800	30	3,200	3,300	68	4,700	4,800	116	6,200	6,300	176	7,700	7,800	248
300	400	5	1,800	1,900	32	3,300	3,400	71	4,800	4,900	120	6,300	6,400	181	7,800	7,900	253
400	500	7	1,900	2,000	34	3,400	3,500	74	4,900	5,000	123	6,400	6,500	185	7,900	8,000	258
500	600	8	2,000	2,100	36	3,500	3,600	77	5,000	5,100	127	6,500	6,600	190	8,000	8,100	263
600	700	10	2,100	2,200	39	3,600	3,700	80	5,100	5,200	131	6,600	6,700	194	8,100	8,200	268
700	800	11	2,200	2,300	41	3,700	3,800	83	5,200	5,300	135	6,700	6,800	199	8,200	8,300	274
800	900	13	2,300	2,400	44	3,800	3,900	86	5,300	5,400	139	6,800	6,900	203	8,300	8,400	279
900	1,000	14	2,400	2,500	46	3,900	4,000	89	5,400	5,500	143	6,900	7,000	208	8,400	8,500	285
1,000	1,100	16	2,500	2,600	49	4,000	4,100	92	5,500	5,600	147	7,000	7,100	213	8,500	8,600	290
1,100	1,200	18	2,600	2,700	51	4,100	4,200	95	5,600	5,700	151	7,100	7,200	218	8,600	8,700	296
1,200	1,300	20	2,700	2,800	54	4,200	4,300	99	5,700	5,800	155	7,200	7,300	223	8,700	8,800	301
1,300	1,400	22	2,800	2,900	56	4,300	4,400	102	5,800	5,900	159	7,300	7,400	228	8,800	8,900	307
1,400	1,500	24	2,900	3,000	59	4,400	4,500	106	5,900	6,000	163	7,400	7,500	233	8,900	9,000	312
															9,000		315

Round To The Nearest Whole Dollar

Go to www.dor.state.mo.us/tax and enter your taxable income from Line 12 for assistance in calculating your tax.

Example — If Line 12 is **\$12,000**, the tax would be computed as follows: \$315 + \$180 (6% of \$3,000) = **\$495**

PLUS 6% of excess over \$9,000

FINAL CHECKLIST

- | | |
|--|--|
| <input type="checkbox"/> Did you use the label provided on the postcard you received? | <input type="checkbox"/> Did you receive an extension of time to file your return? If so, have you attached a copy of the extension? |
| <input type="checkbox"/> If you did not use the label, are the name, address and tax identification numbers correctly shown on the return? | <input type="checkbox"/> Have you attached a copy of the federal form and supporting schedules? |
| <input type="checkbox"/> Is your taxable year shown on the return? | <input type="checkbox"/> Have you signed the return? |
| <input type="checkbox"/> Did you review your completed return? | <input type="checkbox"/> Have you addressed your envelope to the proper address? |
| <input type="checkbox"/> If you show a balance due, did you attach a check or money order? Do not postdate your check. | |

Department of Revenue Tax Assistance Centers

Public hours at the offices listed below are from 7:45 a.m. to 4:45 p.m., Monday through Friday with walk-in tax assistance provided from 8:00 a.m. to 4:30 p.m. Individuals with speech or hearing impairments may use TDD (800) 735-2966 or fax (573) 526-1881.

Cape Girardeau

3102 Blattner Dr., Suite 102
Business Tax: (573) 290-5850
Income Tax: (573) 290-5363

Jefferson City

3237 W. Truman Blvd., Suite 100
Business Tax: (573) 751-7191
Income Tax: (573) 522-1578

Kansas City

615 East 13th St., Room B-2
Business Tax: (816) 889-2944
Income Tax: (816) 889-2920

St. Louis

2510 S. Brentwood, Suite 300
Business Tax: (314) 301-1660
Income Tax: (314) 301-1690

Columbia

1500 Vandiver Dr., Room 113
Business Tax: (573) 884-3814
Income Tax: (573) 884-6851

Joplin

1110 E. Seventh St., Suite 400
Business Tax: (417) 629-3070
Income Tax: (417) 629-3473

Springfield

149 Park Central Square,
Room 313
Business Tax: (417) 895-6474
Income Tax: (417) 895-6445

St. Joseph

525 Jules, Room 314
Business Tax: (816) 387-2230
Income Tax: (816) 387-2642

Other Important Phone Numbers

Form Ordering (800) 877-6881
Form Order Questions (573) 751-5337

Missouri Refund Inquiry Line
(800) 411-8524

Electronic Filing Information (573) 751-3930
Forms-by-Fax (573) 751-4800

Download forms from our web site: www.dor.state.mo.us/tax
Suggestions for Tax System Improvements e-mail: taxsuggest@mail.dor.state.mo.us